

**Minutes of the Board of Education
Independent School District #2180
Regular Meeting #3
Monday, Sept. 11, 2023, 6:00 PM
MACCRAY Board Room**

Abatement Bond Hearing at 6:00pm, prior to the regular meeting. Shelby McQuay presented.

Members Present: Julie Alsum, Debi Brandt, Mark Kasella, John Hagemeyer, Carmel Thein, Scott Ruitter
Others Present: Josh Austad, Superintendent; Mitchell Kent, Elementary Principal; Kim Sandry, Business Manager; Jesse Westbrock, Tech Director; Billie Jo Rassat, Clara City Herald .

Chair Julie Alsum called the meeting to order at 6:12 pm.
Pledge of Allegiance

Motion by Ruitter, second by Thein, to approve the agenda as presented.
Motion carried by unanimous vote.

Public Comment: none

Approval of Consent Agenda:

Motion by Brandt, second by Kasella, to approve the consent agenda.
Motion carried by unanimous vote.

- Adoption of Minutes and approve payment of bills and financial records.
- Approve employment agreement with paraprofessional - A. Hinrichs
- Approve employment agreement with MS Admin. Assistant - K. Dambrotten
- Approve employment agreement with Spanish Instructional Assistant - N. Bodin
- Approve Braden Hoekstra as a Volunteer Football Coach.

Communications Reports:

Denise Smith: Update on Community Ed update, Summer Rec Recap, Fall programming
Jim Trulock: written report
Mitchell Kent: Elementary update
Judd Wheatley: MS/HS update
Josh Austad: District update.
Committee Reports/Board Discussion: POC - Athletic Complex

Business Items:

Motion by Ruitter, second by Thein, to certify the 23 Pay 24 Levy for the maximum amount. Motion carried by unanimous vote.

Motion by Thein, second by Hagemeyer, for Resolution Relating to Property Tax Abatement for Parking Lot Projects.
Roll Call Vote: For: Brandt, Thein, Alsum, Hagemeyer, Kasella, Ruitter
Against: none
Resolution passed and adopted.

Motion by Alsum, second by Kasella, for Resolution Stating the Intention of the School Board to Issue General Obligation Facilities Maintenance, Capital Facilities, and Tax Abatement Bonds, Series 2024A, in the Aggregate Principal Amount of approximately \$2,695,000 and taking other actions with respect thereto.
Roll Call Vote: For: Brandt, Thein, Alsum, Hagemeyer, Kasella, Ruitter
Against: none
Resolution passed and adopted.

Motion by Thein, second by Alsum, for Resolution Stating the Intention of the School Board to issue Certificates of Participation Series 2024B, in the maximum aggregate principal amount of approximately \$1,975,000.

Roll Call Vote: For: Brandt, Thein, Alsum, Hagemeyer, Kasella, Ruiter

Against: none

Resolution passed and adopted.

Motion by Kasella, second by Ruiter, to approve the first and final reading of the following policies affected by new legislation:

Policy 513- Student Promotion, Retention, and Program Design

Policy 601- School District Curriculum and Instruction Goals

Policy 603- Curriculum Development

Policy 604- Instructional Curriculum

Policy 613- Graduation Requirements

Policy 616- School District System Accountability

Policy 617- School District Esurance of Preparatory and High School Standards

Policy 618- Assessment of Student Achievement

Policy 620- Credit for Learning

Policy 621- Literacy and the Read Act

Policy 624 - Online Instruction

Motion carried by unanimous vote.

Meetings and Workshops:

Regular Board Meeting, Monday, October 9, 6pm, MACCRAY Board Room.

Regular Board Meeting, Monday, Nov. 13, MACCRAY Board Room, 6pm

Regular Board Meeting, Monday, Dec. 11, MACCRAY Board Room, 6pm

Adjournment of Meeting

Motion by Ruiter, second by Hagemeyer, for adjournment. Motion carried by unanimous vote. Meeting adjourned at 6:56 pm.

Respectfully submitted,

Carmel Thein, Clerk

Kim Sandry, Business Manager

RESOLUTION RELATING TO PROPERTY TAX ABATEMENT FOR PARKING LOT PROJECTS; GRANTING THE ABATEMENT

BE IT RESOLVED by the School Board (the "Board") of Independent School District No. 2180 (MACCRAY Public Schools), Chippewa, Kandiyohi, and Renville Counties, Minnesota (the "District"), as follows:

Section 1. Authorization and Recitals.

1.01. The District, pursuant to Minnesota Statutes, Sections 469.1812 to 469.1815, as amended (the "Act") is authorized to grant an abatement of certain property taxes levied against net tax capacity imposed by the District on parcels of property by the adoption of a resolution specifying the terms of the abatement.

1.02. The District intends to undertake construction of and improvements to parking lots at various sites in the District (the "Improvements") and benefiting certain property within the District boundaries identified on EXHIBIT A attached hereto (the "Property").

1.03. The District has proposed to finance the Improvements by granting an abatement of the property taxes imposed by the District on the Property (the "Proposed Property Tax Abatement"), and by issuing bonds to provide an amount equal to the sum of said Proposed Property Tax Abatement.

1.04. Pursuant to the Act, this Board on September 11, 2023, conducted a public hearing on the desirability of

granting the Proposed Property Tax Abatement. Notice of the public hearing was duly published as required by law in a newspaper of general interest and readership in the District more than ten days but not more than thirty days prior to the date of the public hearing. The form of said Notice and the publication of said Notice prior to the date of adoption of this resolution is ratified and confirmed in all respects.

Section 2. Findings. On the basis of the information compiled by the District and elicited at the public hearing referred to in Section 1.04, it is hereby found, determined and declared:

2.01. The District expects that the benefits to the District associated with granting the Proposed Property Tax Abatement are at least equal to or exceed the associated costs to the District.

2.02. The granting of the Proposed Property Tax Abatement is in the public interest because it will finance and provide public infrastructure and help provide access to services for residents of the District.

2.03. The nature and extent of the public benefits which the District expects to result from the Proposed Property Tax Abatement are the construction of and improvements to parking lots at various sites in the District, which will enable District residents to continue to conveniently and safely access these facilities which are regularly utilized by the public for school and community events.

2.04. The Property is not located in a tax increment financing district.

2.05. The granting of the Proposed Abatement will not cause the aggregate amount of abatements granted by the District under the Act to exceed the greater of (i) ten percent (10%) of the District's net tax capacity for each taxes payable year to which the abatement applies, or (ii) \$200,000.

2.06. It is in the best interests of the District to grant the tax abatement authorized in this resolution.

2.07. Under Section 469.1813, subdivision 9 of the Act, it is not necessary for the District to obtain the consent of any owner of the Property to grant an abatement.

Section 3. Granting of Tax Abatement.

3.01. A property tax abatement (the "Abatement") is hereby granted in respect of property taxes levied by the District on the Property for ten (10) years, commencing with taxes payable in 2024 and concluding with taxes payable in 2033. The estimated total cost of the Abatement is \$1,605,319 over ten (10) years.

3.02. The District shall retain the Abatement and apply it to payment of all or a portion of the costs of acquiring or constructing the Improvements or to the payment of bonds of the District issued to finance costs of acquiring or constructing the Improvements, whether such bonds are issued pursuant to the Act, or other law, as authorized by Section 469.1815, Subdivision 2 of the Act.

3.03. The Abatement may not be modified or terminated by the Board during its term.

EXHIBIT A

PROPERTY ID NUMBERS

| | | | |
|-------------|-------------|-------------|-------------|
| 02-006-1000 | 08-007-3000 | 11-033-2200 | 16-960-0015 |
| 02-015-1100 | 08-013-1300 | 11-037-0010 | 30-130-2550 |
| 02-018-1000 | 08-018-4000 | 14-002-3000 | 30-130-2610 |
| 02-028-2100 | 08-025-1100 | 14-007-2300 | 30-218-0111 |
| 02-031-1100 | 08-031-4000 | 14-013-2300 | 30-807-1315 |
| 02-032-2100 | 08-037-0020 | 14-022-2300 | 30-912-4401 |
| 03-034-3100 | 09-019-1100 | 14-037-0010 | 50-060-0150 |
| 07-002-4000 | 09-026-2000 | 14-037-0020 | |
| 07-014-2000 | 09-029-1200 | 16-026-3201 | |
| 08-004-2000 | 11-032-3200 | 16-036-2300 | |

RESOLUTION STATING THE INTENTION OF THE SCHOOL BOARD TO ISSUE GENERAL OBLIGATION FACILITIES MAINTENANCE, CAPITAL FACILITIES AND TAX ABATEMENT BONDS, SERIES 2024A, IN THE AGGREGATE PRINCIPAL AMOUNT OF APPROXIMATELY \$2,695,000; AND TAKING OTHER ACTIONS WITH RESPECT THERETO

BE IT RESOLVED by the School Board (the "Board") of Independent School District No. 2180 (MACCRAY Public Schools), Chippewa, Kandiyohi, and Renville Counties, Minnesota (the "District"), as follows:

1. Background. The Board proposes to issue general obligation facilities maintenance bonds, capital facilities bonds and tax abatement bonds. In connection therewith, it is hereby determined that:

(a) Facilities Maintenance Bonds.

(i) The District is authorized under the provisions of Minnesota Statutes, Chapter 475, as amended (the "Act"), and Minnesota Statutes, Section 123B.595, as amended ("Section 123B.595"), to issue general obligation facilities maintenance bonds for the purpose of financing certain facilities and site maintenance projects approved by the Commissioner of Education (the "Commissioner").

(ii) The Board hereby finds and determines that it is necessary and expedient to the sound financial management of the affairs of the District to issue its general obligation facilities maintenance bonds (the "Facilities Maintenance Portion"), in the aggregate principal amount not to exceed \$975,000, pursuant to the Act and Section 123B.595, to finance the costs of certain facilities and site maintenance projects of the District which are included in the District's ten-year facilities plan for Fiscal Year 2025, (the "Plan"), and related financing costs (the "Facilities Maintenance Project").

(iii) The Plan approved by the Board is incorporated in this Resolution as though fully specified herein. District staff and officials are authorized and directed to submit any amendments to the Plan and the proposed issuance of the Facilities Maintenance Portion to the Commissioner for approval, as required by the Act and Section 123B.595. District staff and officials are further authorized and directed to submit to the Commissioner such additional information as may be necessary to secure such approval.

(b) Capital Facilities Bonds.

(i) The District is authorized under the provisions of the Act and Minnesota Statutes, Section 123B.62, as amended ("Section 123B.62"), to issue general obligation capital facilities bonds for the purpose of financing certain capital facilities projects approved by the Commissioner.

(ii) The Board hereby finds and determines that it is necessary and expedient to the sound financial management of the affairs of the District to tentatively authorize the issuance of general obligation capital facilities bonds (the "Capital Facilities Portion"), in the aggregate principal amount not to exceed \$495,000, pursuant to the Act and Section 123B.62 to finance the costs of certain capital facilities projects (the "Capital Facilities Project"). If issued, the Capital Facilities Portion will mature within fifteen (15) years of the date of issuance.

(iii) The issuance of the Capital Facilities Portion shall become finally authorized unless a petition calling for a referendum on the question of whether to issue said Capital Facilities Portion, signed

by more than fifteen percent (15%) of the registered voters of the District, is filed with the Board within thirty (30) days of the date of the adoption of this Resolution. A petition must be in the form required by law. The minimum number of valid signatures for such a petition shall be determined with reference to the number of registered voters in the District as of the last day before the petition is filed with the Board.

(iv) District staff and officials are authorized and directed to submit to the Commissioner such additional information as may be necessary to secure any further approval of the Commissioner for the issuance of the Capital Facilities Portion that may be required by Section 123B.62. The submission of information and a request for approval prior to the date of this Resolution is ratified and approved in all respects.

(c) Tax Abatement Bonds.

(i) The District is authorized by the Act and Minnesota Statutes, Sections 469.1812 to 469.1815, as amended (the "Abatement Act") to issue general obligation tax abatement bonds.

(ii) Pursuant to a resolution adopted by the Board on September 11, 2023 (the "Abatement Resolution"), following a duly noticed public hearing, the Board approved a property tax abatement (the "Abatements") in the approximate amount of \$1,605,319 for certain property in the District (the "Abatement Parcels") over a period of ten (10) years in an amount sufficient to provide financing for parking lot construction, reconstruction and improvements at school sites and facilities districtwide, and related financing costs (the "Abatement Project").

(iii) In the Abatement Resolution, the District found and determined that the Abatement Project benefits the Abatement Parcels, that the Abatement Project will provide access to services for residents in the District, and that the maximum principal amount of bonds to be secured by Abatements does not exceed the estimated sum of Abatements from the Abatement Parcels for the term authorized under the Abatement Resolution.

(iv) The Board hereby finds and determines that it is necessary and expedient to the sound financial management of the affairs of the District to issue its general obligation tax abatement bonds (the "Tax Abatement Portion"), in the maximum aggregate principal amount of \$1,225,000, pursuant to the Act and the Abatement Act to finance the costs of the Abatement Project. The Facilities Maintenance Project, the Capital Facilities Project, and the Abatement Project are hereinafter collectively referred to as the "Projects."

(d) The Board hereby determines that the Facilities Maintenance Portion, the Capital Facilities Portion, and the Tax Abatement Portion shall be issued as a single bond issue in the original aggregate principal amount of approximately \$2,695,000 (the "Bonds"). The Board hereby designates the Bonds as the "General Obligation Facilities Maintenance, Capital Facilities and Tax Abatement Bonds, Series 2024A."

2. Covenant as to State Credit Enhancement.

(a) The District hereby covenants and obligates itself to notify the Commissioner of a potential default in the payment of principal and interest on the Bonds and to use the provisions of Minnesota Statutes, Section 126C.55 (the "Credit Enhancement Act") to guarantee payment of the principal and interest on the Bonds

when due. The District further covenants to deposit with the paying agent for the Bonds (the "Paying Agent"), or any successor paying agent, three (3) days prior to the date on which a payment is due an amount sufficient to make that payment or to notify the Commissioner that it will be unable to make all or a portion of that payment. The Paying Agent is authorized and directed to notify the Commissioner if it becomes aware of a potential default in the payment of principal or interest on the Bonds or if, on the day two (2) business days prior to the date a payment is due on the Bonds, there are insufficient funds on deposit with the Paying Agent to make that payment. The District understands that as a result of its covenant to be bound by the provisions of the Credit Enhancement Act, the provisions of that section shall be binding as long as any Bonds of this issue remain outstanding.

(b) The District further covenants to comply with all procedures now and hereafter established by the Minnesota Departments of Management and Budget and Education pursuant to subdivision 2(c) of the Credit Enhancement Act and otherwise to take such actions as necessary to comply with that section. The Board Chair, Clerk, Treasurer, Superintendent, or Business Manager of the District are authorized to execute any applicable Minnesota Department of Education forms.

3. Sale of Bonds. The Board has retained Ehlers and Associates, Inc. (the "Municipal Advisor"), to serve as the District's independent municipal advisor with respect to the offer and sale of the Bonds and, therefore, is authorized by Section 475.60, subdivision 2(9), of the Act to sell the Bonds other than pursuant to a competitive sale.

4. Authority of Municipal Advisor. The Municipal Advisor is authorized and directed to assist the District in the preparation and dissemination of a Preliminary Official Statement to be distributed to potential purchasers of the Bonds and to open, read, and tabulate the proposals for the purchase of the Bonds for presentation to the Board. The Municipal Advisor is further authorized and directed to assist the District in the award and sale of the Bonds on behalf of the District after receipt of written proposals and to assist the District in the preparation and dissemination of a final Official Statement with respect to the Bonds.

5. Acceptance of Proposal. The Board shall meet at the time specified in the Preliminary Official Statement or at such other time designated by the Board to receive and consider proposals for the purchase of the Bonds and take any other appropriate action with respect to the Bonds.

6. Authority of Bond Counsel. The law firm of Kennedy & Graven, Chartered, is authorized to act as bond counsel for the District ("Bond Counsel"), and to assist in the preparation and review of necessary documents, certificates, and instruments related to the Bonds. The officers, employees, and agents of the District are hereby authorized to assist Bond Counsel in the preparation of such documents, certificates, and instruments.

7. Notice of Issuance of Facilities Maintenance and Capital Facilities Bonds. The Clerk is authorized and directed to publish a notice of the District's intent to issue the Facilities Maintenance Portion and the Capital Facilities Portion of the Bonds in the official newspaper of the District, in substantially the form attached as EXHIBIT A hereto, as soon as reasonably practicable after adoption of this Resolution.

8. Reimbursement from Bond Proceeds. The District may incur certain expenditures that may be financed temporarily from sources other than the Bonds, and reimbursed from the proceeds of the Bonds. Treasury Regulation § 1.150-2 (the "Reimbursement Regulations") provides that proceeds of tax-exempt bonds allocated to reimburse expenditures originally paid from a source other than the tax-exempt bonds will not be deemed expended unless certain requirements are met. In order to preserve its ability to reimburse certain costs from proceeds of the Bonds in accordance

with the Reimbursement Regulations, the District hereby makes its declaration of official intent (the "Declaration") described below to reimburse certain costs.

(a) Declaration of Intent. The District proposes to issue the Bonds to finance the costs of the Projects. The District may reimburse original expenditures made for certain costs of the Projects from the proceeds of the Bonds in an estimated maximum principal amount of \$2,695,000. All reimbursed expenditures will be capital expenditures, costs of issuance of the Bonds, or other expenditures eligible for reimbursement under Section 1.150-2(d)(3) of the Reimbursement Regulations.

(b) Declaration Made Not Later Than 60 Days. This Declaration has been made not later than sixty (60) days after payment of any original expenditure to be subject to a reimbursement allocation with respect to the proceeds of the Bonds, except for the following expenditures: (a) costs of issuance of the Bonds; (b) costs in an amount not in excess of \$100,000 or five percent (5%) of the proceeds of the Bonds; or (c) "preliminary expenditures" up to an amount not in excess of twenty (20) percent of the aggregate issue price of the Bonds that finance or are reasonably expected by the District to finance the Projects for which the preliminary expenditures were incurred. The term "preliminary expenditures" includes architectural, engineering, surveying, bond issuance, and similar costs that are incurred prior to commencement of acquisition, construction, or rehabilitation of the Projects, other than land acquisition, site preparation, and similar costs incident to commencement of construction.

(c) Reasonable Expectations; Official Intent. This Declaration is an expression of the reasonable expectations of the District based on the facts and circumstances known to the District as of the date hereof. The anticipated original expenditures for the Projects and the principal amount of the Bonds described in Section 8(a), above, are consistent with the District's budgetary and financial circumstances. No sources other than proceeds of the Bonds to be issued by the District are, or are reasonably expected to be, reserved, allocated on a long-term basis, or otherwise set aside pursuant to the District's budget or financial policies to pay such original expenditures. This resolution is intended to constitute a declaration of official intent for purposes of the Reimbursement Regulations.

**RESOLUTION STATING THE INTENTION OF THE SCHOOL DISTRICT TO ISSUE
CERTIFICATES OF PARTICIPATION, SERIES 2024B, IN THE MAXIMUM AGGREGATE
PRINCIPAL AMOUNT OF APPROXIMATELY \$1,975,000; AND TAKING OTHER ACTIONS
WITH RESPECT THERETO**

BE IT RESOLVED by the School Board (the “Board”) of Independent School District No. 2180 (MACCRAY Public Schools), Chippewa, Kandiyohi, and Renville Counties, Minnesota (the “District”), as follows:

1. Findings; Authorizations; Determinations.

(a) The District is authorized by Minnesota Statutes, Section 465.71, as amended (the “Act”) and Minnesota Statutes, Section 126C.40, as amended (“Section 126C.40”) to enter into lease-purchase agreements for the lease of real and personal property with an option to purchase.

(b) The District has determined to finance the construction and installation of an artificial turf field and related site improvements (the “Project”) on property located in the District (the “Site”).

(c) The District hereby deems it necessary and advisable to provide for the issuance of Certificates of Participation, Series 2024B (the “Certificates”), in the principal amount not to exceed approximately \$1,975,000, to finance the costs of the Project (the “Certificate-Financed Project”).

(d) The District intends to enter into an Indenture of Trust (the “Indenture”) with a corporate trustee to be selected by the District (the “Trustee”), pursuant to which the Certificates will be issued. The District also intends to enter into a Ground Lease (the “Ground Lease”) with the Trustee, as lessee, pursuant to which the Trustee will acquire from the District a leasehold interest in the Site on which the Certificate-Financed Project is located. Furthermore, the District intends to enter into a Lease-Purchase Agreement (the “Lease-Purchase Agreement”) with the Trustee, as lessor, pursuant to which the Trustee will lease the Site and the Certificate-Financed Project (collectively, the “Leased Property”) to the District, and the District will make lease payments (the “Lease Payments”) to the Trustee, subject to the District’s right to non-appropriation under the terms of the Lease-Purchase Agreement. Subject to the requirements of Section 126C.40, the Board authorizes the use of its lease levy authority for the purpose of making the Lease Payments.

2. The Act. The District covenants to comply with all procedures now or hereafter established by the Minnesota Department of Education pursuant to the Act and to take all actions required under the terms of the Act for the issuance, sale, delivery, and payment and prepayment of the Certificates in accordance with their terms and the terms of the Indenture, the Ground Lease, the Lease-Purchase Agreement, and related documents.

3. Authority of Municipal Advisor. Ehlers and Associates, Inc., the District’s independent municipal advisor (the “Municipal Advisor”), is authorized and directed to take all actions that are necessary or appropriate to assist the District in the issuance, sale, and delivery of the Certificates and in connection with any continuing disclosure obligations that may be imposed on the District in connection with the Certificates. The officers, employees, and agents of the District are hereby authorized to assist the Municipal Advisor in all actions that are necessary or appropriate in connection with the issuance, sale, and delivery of the Certificates and any related matters.

4. Sale of Certificates. The Municipal Advisor is authorized and directed to assist the District in the preparation and dissemination of a Preliminary Official Statement to be distributed to potential purchasers of the Certificates and to open, read, and tabulate the proposals for the purchase of the Certificates for presentation to the Board. The Municipal Advisor is further authorized and directed to assist the District in the award and sale of the Certificates on behalf of the District after receipt of written proposals and to assist the District in the preparation and dissemination of a final Official Statement with respect to the Certificates.

5. Acceptance of Proposal. The Board will meet at the time specified in the Preliminary Official

Statement or at such other time designated by the Board to receive and consider proposals for the purchase of the Certificates and take any other appropriate action with respect to the Certificates.

6. Authority of Bond Counsel. The law firm of Kennedy & Graven, Chartered (“Bond Counsel”) is authorized to act as bond counsel for the District and to assist in the preparation and review of necessary documents, certificates, and instruments relating to the Certificates. The officers, employees, and agents of the District are hereby authorized to assist Bond Counsel in the preparation of such documents, certificates, and instruments.

7. Limited Obligations. The Certificates shall be special, limited obligations payable solely from annual appropriations of the District made to pay the Lease Payments, in the manner provided in the Lease-Purchase Agreement, and amounts held by the Trustee under the terms of the Indenture. The obligations of the Lease-Purchase Agreement and the Certificates shall not constitute a general or moral obligation, or a pledge of the full faith and credit or any taxing power of the District, the State of Minnesota, or any political subdivision thereof. The Lease-Purchase Agreement shall not constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the District except its interest in the Lease-Purchase Agreement and the Leased Property.

8. Non-Appropriation. The Lease-Purchase Agreement shall provide that the District may elect in any fiscal year to not appropriate funds for the next fiscal year to make the Lease Payments required under the terms of the Lease-Purchase Agreement. The obligations of the District under the Lease-Purchase Agreement shall not be payable from nor charged upon any funds of the District other than the funds appropriated annually to the payment thereof. In the event of a non-appropriation of Lease Payments by the District in any fiscal year, the District shall lose the right to operate and occupy the Leased Property for the remaining term of the Lease-Purchase Agreement and the Certificates.

9. Representations, Warranties, and Covenants. In the resolution awarding the sale of the Certificates, the District shall approve such agreements, instruments, and other documents as are necessary or appropriate to the issuance of the Certificates and provide for such representations, warranties, and covenants as are required by the terms of the Act, as are agreed to by the District and the Trustee, and as the District deems necessary or appropriate in connection with the issuance, sale, and delivery of the Certificates.

10. Reimbursement from Certificate Proceeds. The District may incur certain expenditures that may be financed temporarily from sources other than the Certificates and reimbursed from the proceeds of the Certificates. Treasury Regulation § 1.150-2 (the “Reimbursement Regulations”) provides that proceeds of tax-exempt bonds allocated to reimburse expenditures originally paid from a source other than the tax-exempt bonds will not be deemed expended unless certain requirements are met. In order to preserve its ability to reimburse certain costs from proceeds of the Certificates in accordance with the Reimbursement Regulations, the District hereby makes its declaration of official intent (the “Declaration”) described below to reimburse certain costs:

(a) Declaration of Intent. The District proposes to issue the Certificates to finance the costs of the Project. The District may reimburse original expenditures made for certain costs of the Project from the proceeds of the Certificates in an estimated maximum principal amount of \$1,975,000. All reimbursed expenditures will be capital expenditures, costs of issuance of the Certificates, or other expenditures eligible for reimbursement under Section 1.150-2(d)(3) of the Reimbursement Regulations.

(b) Declaration Made Not Later Than 60 Days. This Declaration has been made not later than sixty (60) days after payment of any original expenditure to be subject to a reimbursement allocation with respect to the proceeds of the Certificates, except for the following expenditures: (a) costs of issuance of the Certificates; (b) costs in an amount not in excess of \$100,000 or five percent (5%) of the proceeds of the Certificates; or (c) “preliminary expenditures” up to an amount not in excess of twenty (20) percent of the aggregate issue price of the Certificates that finance or are reasonably expected by the District to finance the

Project for which the preliminary expenditures were incurred. The term “preliminary expenditures” includes architectural, engineering, surveying, bond issuance, and similar costs that are incurred prior to commencement of acquisition, construction, or rehabilitation of the Project, other than land acquisition, site preparation, and similar costs incident to commencement of construction.

(c) Reasonable Expectations: Official Intent. This Declaration is an expression of the reasonable expectations of the District based on the facts and circumstances known to the District as of the date hereof. The anticipated original expenditures for the Project and the principal amount of the Certificates described in Section 10(a), above, are consistent with the District’s budgetary and financial circumstances. No sources other than proceeds of the Certificates to be issued by the District are, or are reasonably expected to be, reserved, allocated on a long-term basis, or otherwise set aside pursuant to the District’s budget or financial policies to pay such original expenditures. This resolution is intended to constitute a declaration of official intent for purposes of the Reimbursement Regulations.